COMPREHENSIVE PLAN NEEDED TO GUIDE THE FUTURE OF THE IRAQ RECONSTRUCTION MANAGEMENT SYSTEM

SIGIR-08-021
JULY 25, 2008

		Form Approved OMB No. 0704-0188

Report Documentation Page

1. REPORT DATE **25 JUL 2008**	2. REPORT TYPE	3. DATES COVERED **00-00-2008 to 00-00-2008**
4. TITLE AND SUBTITLE **Comprehensive Plan Needed to Guide the Future of the Iraq Reconstruction Management System**		5a. CONTRACT NUMBER
		5b. GRANT NUMBER
		5c. PROGRAM ELEMENT NUMBER
6. AUTHOR(S)		5d. PROJECT NUMBER
		5e. TASK NUMBER
		5f. WORK UNIT NUMBER
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) **Office of the Inspector General for Iraq Reconstruction,400 Army Navy Drive,Arlington,VA,22202**		8. PERFORMING ORGANIZATION REPORT NUMBER
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)		10. SPONSOR/MONITOR'S ACRONYM(S)
		11. SPONSOR/MONITOR'S REPORT NUMBER(S)
12. DISTRIBUTION/AVAILABILITY STATEMENT **Approved for public release; distribution unlimited**		
13. SUPPLEMENTARY NOTES		
14. ABSTRACT		
15. SUBJECT TERMS		

16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT	18. NUMBER OF PAGES	19a. NAME OF RESPONSIBLE PERSON
a. REPORT **unclassified**	b. ABSTRACT **unclassified**	c. THIS PAGE **unclassified**	**Same as Report (SAR)**	**15**	

Standard Form 298 (Rev. 8-98)
Prescribed by ANSI Std Z39-18

SPECIAL INSPECTOR GENERAL FOR IRAQ RECONSTRUCTION

July 25, 2008

MEMORANDUM FOR U.S. AMBASSADOR TO IRAQ
      COMMANDING GENERAL, U.S. CENTRAL COMMAND
      COMMANDING GENERAL, MULTI-NATIONAL FORCE - IRAQ
      COMMANDING GENERAL, MULTI-NATIONAL CORPS - IRAQ
      DIRECTOR, OFFICE OF IRAQ RECONSTRUCTION,
        U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
      COMMANDING GENERAL, U.S. ARMY CORPS OF ENGINEERS
      COMMANDING GENERAL, GULF REGION DIVISION,
        U.S. ARMY CORPS OF ENGINEERS
      COMMANDER, JOINT CONTRACTING COMMAND-
        IRAQ/AFGHANISTAN
      DIRECTOR, AIR FORCE CENTER FOR ENGINEERING AND THE
        ENVIRONMENT
      DIRECTOR, IRAQ TRANSITION ASSISTANCE OFFICE

SUBJECT: Comprehensive Plan Needed to Guide the Future of the Iraq Reconstruction
       Management System (SIGIR-08-021)

This report is provided for your information and use. It discusses the results of our audit of the Iraq Reconstruction Management System (IRMS). This audit was conducted as SIGIR Project 8027.

We considered written comments from the U.S. Army Corps of Engineers, Gulf Region Division when preparing this report. We also considered informal comments from the Multi-National Security Transition Command-Iraq, the Joint Contracting Command-Iraq/Afghanistan, and the U.S. Agency for International Development. The comments are addressed in the report, where applicable. A copy of the Gulf Region Division's written comments is included in the Management Comments section of this report.

We appreciate the courtesies extended to our staff. For additional information on this report, please contact Glenn Furbish (703-428-1058) (glenn.furbish@sigir.mil).

Stuart W. Bowen, Jr.
Inspector General

**Comprehensive Plan Needed to Guide the Future of the
Iraq Reconstruction Management System**

SIGIR-08-021   **July 25, 2008**

Introduction

In November 2003, the Congress passed Public Law 108-106, the Emergency Supplemental
Appropriations Act for Defense and for the Reconstruction of Iraq and Afghanistan, 2004, which
created the $18.4 billion Iraq Relief and Reconstruction Fund (IRRF). In addition to providing
funding for Iraq reconstruction, the law contained a requirement to submit reports to the
Congress on how the funding was being used, and provided $50 million "to be used to fulfill the
reporting and monitoring requirements of this Act and for the preparation and maintenance of
public records required by this Act."

In 2004, a management information system was developed to meet the IRRF reporting
requirements. Now known as the Iraq Reconstruction Management System[1] (IRMS), the system
was intended to meet three objectives:

- Provide a single, unified management information system with a common data
  dictionary that would provide a common operating picture of the Iraq
  reconstruction effort.

- Support the production of reports required by Public Law 108-106.

- Serve as a joint U.S.-Iraq system that could be transferred to the Government of
  Iraq (GOI) to provide management information on U.S.-funded reconstruction
  projects.

Six agencies involved in Iraq reconstruction currently share responsibility for IRMS:

- Iraq Transition Assistance Office (U.S. Mission–Iraq)

- Joint Contracting Command–Iraq/Afghanistan

- Multi-National Corps–Iraq

- Multi-National Security Transition Command–Iraq

- U.S. Agency for International Development

- U.S. Army Corps of Engineers, Gulf Region Division

---

[1] National Security Presidential Directive 36 created the Project and Contracting Office to provide acquisition and
project management support for activities in Iraq, which developed a management information system initially
known as the Project and Contracting Office Solution.

The management of IRMS has largely been accomplished by a working group–the IRMS Inter-Agency Working Group (IIWG),[2] which comprises representatives from six agencies. In late 2005, the agencies[3] signed a Memorandum of Understanding to define the type of information to be entered in IRMS and to set forth the mutually agreed upon procedures for providing information. The Memorandum identified the U.S. Army Corps of Engineers, Gulf Region Division (GRD) as the agency responsible for maintaining and administering IRMS.

Although IRMS was initially developed to track and report on projects funded by the IRRF, as of May 30, 2008, the Congress had appropriated an additional $21.3 billion for Iraq reconstruction, including:

- $15.4 billion for the Iraq Security Forces Fund

- $3.2 billion for the Economic Support Fund

- $2.7 billion for the Commander's Emergency Response Program

Data on projects funded by these appropriations was incorporated in IRMS to maintain the common operating picture for the U.S. government reconstruction and economic development activities in Iraq, as agreed to in the Memorandum of Understanding. The system currently supports multiple funding sources across multiple fiscal years. GRD reports that the system is tracking more than 50,000 records—ranging from a payment of a few hundred dollars for a single item to a multimillion dollar contract action for all or just a portion of a project.

On May 1, 2008, the Special Inspector General for Iraq Reconstruction (SIGIR) announced a review of IRMS to assess the overall data system management, policies, procedures, uses, and benefits. However, in the course of conducting the audit work, SIGIR learned GRD is preparing a draft plan for the future of IRMS. SIGIR is issuing this report to alert management of certain issues that it believes need to be addressed when assessing the future of IRMS.

Because of the ongoing efforts of the IIWG and GRD, SIGIR plans no further work at this time.

---

[2] In May 2008, the Inter-Agency Information Technology Working Group was restructured into the IIWG and subsequently a new draft charter was written. The draft charter is being reviewed by the stakeholders and is expected to be finalized before the end of August 2008.
[3] In late 2005, there were only five agencies participating in the Inter-Agency Information Technology Working Group.

Issues for Consideration During Planning

IRMS is the only source of aggregate data on the activities and accomplishments of the multiple agencies supporting the U.S. government's reconstruction efforts in Iraq. According to senior officials in U.S. Mission–Iraq and Multi-National Corps–Iraq, IRMS data is essential to reporting and analyzing the U.S. government's accomplishments; without IRMS the effort and resources required to acquire the same data would be significantly greater. However, IRMS is four years old and its hardware and software systems are becoming obsolete and in need of immediate management action to sustain reporting capabilities. According to GRD officials, IRMS has had few major system upgrades and many of its critical system components are no longer under warranty. In some cases, the manufacturer no longer supports the system. As its software becomes obsolete, IRMS becomes more complex and less efficient due to needed programming. Without appropriate action, the Congress and the Departments of State and Defense risk losing the only integrated information on Iraq reconstruction projects.

To their credit, the IIWG and GRD have acknowledged the problems and are currently assessing the system and its future. As part of this effort, GRD has prepared a draft plan, the *USACE-GRD Iraq Reconstruction Management System Refresh or Migration Charter*, which examines options for the future of IRMS. In mid-April 2008, the draft plan was presented to senior GRD leadership for consideration. This assessment and the resulting plan offer an opportunity to enhance the usefulness and quality of information generated by the system. To help support the planning effort, SIGIR provides discussions of a number of issues, including organizational accountability, data quality, funding, and system information transfer to the GOI.

Organizational Accountability

Currently, no executive-level leadership has the mandate to coordinate with the implementing agencies and, as required, the authority to compel these agencies to take key actions such as entering project data in IRMS. When IRMS was developed, the U.S. Mission–Iraq, through the Iraq Reconstruction Management Office,[4] took a leadership position by directing the organizations obligating IRRF to provide data to IRMS. Since then, GRD has continued to provide operations and maintenance support to the system as agreed to in the Memorandum of Understanding. According to GRD and members of the IIWG, any major changes to the IRMS are coordinated through the IIWG, but GRD incorporates day-to-day operations, maintenance, and system enhancements as necessary. The IIWG assumed the de facto oversight and overall management role for the system, with mixed success, but no agency has accepted or been assigned responsibility as the executive agent for the system. As the system continues to develop and organizations and missions evolve, establishing an executive agent for IRMS or its replacement will become even more critical.

---

[4] National Security Presidential Directive 36 created the Iraq Reconstruction Management Office to administer U.S. assistance to Iraq. On May 8, 2007, the President created the Iraq Transition Assistance Office as the successor organization to the Iraq Reconstruction Management Office.

Executive level leadership that supports the development and use of a joint management information system would provide these benefits:

- long-term leadership and strategic guidance on IRMS requirements

- a budget for necessary resources and funding to support system requirements

- resolution of issues for the IIWG,[5] as necessary

- coordination with the other implementing agencies at the executive level when necessary

Data Quality

IRMS data suffers from a lack of consistency, accuracy, and completeness—even though GRD makes a good effort to ensure data accuracy. SIGIR has previously reported that the system does not include complete project data from all agencies involved in reconstruction activities because the executing agencies were not regularly entering their data into IRMS.[6] For example, as of early January 2008, approximately $35.3 billion of funds in the IRRF, Iraq Security Forces Fund, Economic Support Fund, and Commander's Emergency Response Program funds were obligated; however, IRMS contained data on only $25.08 billion in projects, or 71% of the obligations as of January 2008.

The data quality problems occur because the evolution and growth of IRMS has required numerous changes, patches, and business rule modifications, each of which added complexity and decreased the efficiency of the system. GRD officials acknowledged that IRMS is known to contain inconsistent and incomplete data in several areas. GRD officials told SIGIR that the complexity of the system was one cause of the problems, as were the business rules that must be established to allow interfaces necessary to obtain data from supporting systems. As IRMS grew more complex and system enhancements were added, some trade-offs in data consistency and completeness had to be made to allow for the required interfaces.

Despite the challenges of the current system, requests for additional enhancements continue to emerge. IRMS has demonstrated the need for a joint management information system to collect aggregate data that can provide a common operating picture across supporting agencies in any similar joint civil-military operation.

---

[5] The IIWG comprises representatives from the six principal organizations of the U.S. government charged with the reconstruction and development of Iraq, including the Iraq Transition Assistance Office, GRD, Joint Contracting Command–Iraq/Afghanistan, Multi-National Corps–Iraq, Multi-National Security Transition Command–Iraq and the U.S. Agency for International Development. The chairperson of the IIWG is from the Iraq Transition Assistance Office. The IIWG charter is under revision, but the current draft states that the IIWG is required to ensure that information regarding all U.S. government-funded and -managed projects in Iraq are consolidated into the IRMS and that the data are accurate, complete, and updated on a regular basis. Additionally, the IIWG provides oversight for the need and use of reports within the IRMS, with the goal of ensuring that information reporting is consistent and accurate. The IIWG also supports GRD by providing direction and oversight for the export of data from IRMS to the GOI.

[6] *Interim Report on Iraq Reconstruction Contract Terminations* (SIGIR-08-013, April 28, 2008).

Funding Responsibility

Future responsibility for funding the operations and maintenance of IRMS has not been determined. Since 2005, GRD has funded the operations and maintenance costs as agreed to in the Memorandum of Understanding signed by the IRMS users. GRD officials provided documentation showing that operating and maintaining IRMS costs approximately $4 million annually, excluding software or hardware upgrades. According to GRD officials, over the next few years, the U.S. Army Corps of Engineers is expected to change the organizational structure of GRD significantly. If this transition occurs, the fiscal and technical support needed for IRMS or its replacement might not be available.

Transferring Information to the Government of Iraq

Although not required by law, an initial objective of IRMS was to serve as a vehicle for transferring information on U.S. reconstruction projects to the GOI. As envisioned, warranty information, operating manuals, blueprints, cost data, and other key project information needed by the GOI to operate and maintain the projects and to leverage their value for international loans would be provided through IRMS. In September 2005, the Department of State and GRD agreed to develop a transition strategy that would identify system specifications, an assessment of required capability, and an estimate of sustainment costs. However, the strategy was never developed. Instead, a monthly file is used to transfer IRMS data to the GOI using the United Nations-sponsored Donor Assistance Database system. The planning process offers the opportunity to consult with the GOI regarding project information and to assess whether IRMS has any potential as a tool for meeting data transfer requirements.

Conclusions

The IRMS system is becoming obsolete, its data is incomplete, and it provides only a limited common operating picture of Iraq reconstruction activities. Nevertheless, the system provides the only aggregate data on U.S. government-funded reconstruction efforts. To their credit, GRD and the IIWG have started to develop a plan to address these issues. SIGIR believes it is in the best interest of all implementing agencies to begin detailed discussions and planning on these issues as soon as possible. Developing a comprehensive approach to this planning process provides an opportunity to maximize the benefits from future system resource investments. Resolving system issues–such as program management accountability, funding sources, data quality, (including completeness and accuracy), and a transfer strategy to the GOI–will require an interagency approach supported by senior management.

Recommendations

To provide the necessary senior leadership to support the development and use of a management information system that meets the needs of its stakeholders, SIGIR recommends that the U. S. Ambassador to Iraq and the Commanding General, Multi-National Force-Iraq, jointly direct the establishment of an interagency planning process to address the future operation and use of IRMS. In doing so, SIGIR recommends that the plan address the following:

1. An accountability structure for managing IRMS, with assigned leadership for developing a coordinated management plan for the future and authority to resolve differences between the reconstruction implementing agencies–to ensure the consistency, accuracy, and completeness of IRMS data and to ensure the system's ability to meet the current and future Iraq reconstruction data requirements of its users, including the Congress. Key steps needed include:

    a. Appointing an executive agent to take the lead in developing a coordinated management plan that addresses the future of IRMS.

    b. Directing the executive agent, in preparing the plan, to conduct a systems analysis to identify deficiencies in the integrity, accuracy, and completeness of IRMS data; and identify steps to ensure the deficiencies are not carried forward into a new or revamped system.

    c. Assessing the current and future reconstruction information requirements for system stakeholders, including the Congress, as well as the need for a common operating picture.

    d. Determining whether to upgrade the current system to a new baseline, develop a replacement system that will meet the defined requirements, or develop an alternative method for providing complete, accurate, and consistent data.

2. Identify funding requirements and sources for developing and implementing the future system and for the continued support of IRMS or its replacement.

3. Decide whether to use IRMS as the vehicle for transferring reconstruction data to the GOI, and, if so, develop a formal agreement with the GOI on the expected format of the data and the required transfer process.

Matter for Congressional Consideration

In prior reviews, SIGIR noted that IRMS was not providing complete information on the Iraq Reconstruction Program. In this report, SIGIR recommends the development of an interagency process to plan the future use and operation of IRMS. Because the Congress established the requirement for reconstruction information, the Congress may wish to consider requesting that the Secretary of State and the Secretary of Defense provide it with a copy of the plan.

Management Comments and Audit Response

GRD provided written comments on a draft of this report but did not express an overall view on the issues we identified. According to GRD it has initiated a study of IRMS that will consider factors such as the system's age, compatibility of hardware platforms, software and network infrastructure. The study will also provide GRD with recommendations for the future needs of stakeholders. GRD also said that the IIWG will continue discussing the future of IRMS at its meetings and that future discussions will focus on appointing an executive agent to take the lead in developing a coordinated management plan that addresses the future of IRMS, and identifying funding requirements and sources for developing and implementing the future system and for the continued support or replacement of IRMS. GRD's comments are printed in their entirely in appendix D of this report.

MNSTC-I, JCC-I/A, and USAID provided informal comments that we considered in finalizing the report.

The U.S. Embassy and MNF-I did not respond and SIGIR continues to believe that there is a need for joint action by the Ambassador and Commanding General, MNF-I, to fully address our recommendations. SIGIR plans to continue monitoring reconstruction reporting.

Appendix A—Scope and Methodology

We performed this audit under the authority of Public Law 108-106, as amended, which also incorporates the duties and responsibilities of inspectors general under the Inspector General Act of 1978, as amended. The original purpose of the audit was to assess overall data system management, policies, procedures, uses, and benefits of IRMS. However, in the course of conducting the audit work, SIGIR learned that IIWG and GRD are preparing a draft plan for the future of IRMS. Consequently, SIGIR truncated its audit effort to provide this abbreviated report to alert management of certain issues that SIGIR believes need to be addressed when assessing the future of IRMS.

In conducting this audit, we reviewed prior SIGIR audit reports, relevant policies and procedures and held discussions with officials from the Department of State, GRD, and Multi-National Corps–Iraq (MNC-I) related to the future of IRMS. We also reviewed: the *USACE-GRD Iraq Reconstruction Management System Refresh or Migration Charter (Draft)*; the IIWG draft charter; and other relevant documentation. The work was done in Baghdad at the U.S. Embassy Annex, GRD headquarters, and MNC–I at Camp Victory.

We conducted this audit between May and June 2008, in accordance with generally accepted government-auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Use of Computer-Processed Data

We did not use computer-processed data to perform this audit.

Prior Coverage

The Office of the Special Inspector General for Iraq Reconstruction issued the following related audit reports, accessible on its website at http://www.sigir.mil:

- *Issues Related to the Use of the $50 Million Appropriation to Support the Management and Reporting of the Iraq Relief and Reconstruction Fund* (SIGIR-05-026, January 2006)

- *Management of Iraq Relief and Reconstruction Fund Program: The Evolution of the Iraq Reconstruction Management System* (SIGIR-06-001, April 2006)

- *Review of Data Entry and General Controls in the Collecting and Reporting of the Iraq Relief and Reconstruction Fund (SIGIR-06-003, April 28, 2006)*

- *Interim Report on Iraq Reconstruction Contract Terminations* (SIGIR-08-013, April 28, 2008)

Appendix B—Acronyms

Acronym	Description
GOI	Government of Iraq
GRD	U.S. Army Corps of Engineers, Gulf Region Division
IIWG	IRMS Interagency Working Group
IRMS	Iraq Reconstruction Management System
IRRF	Iraq Relief and Reconstruction Fund
MNC-I	Multi-National Corps-Iraq
SIGIR	Special Inspector General for Iraq Reconstruction

Appendix C—Audit Team Members

This report was prepared and the audit conducted under the direction of David R. Warren, Assistant Inspector General for Audit, Office of the Special Inspector General for Iraq Reconstruction.

The staff members who conducted the audit and contributed to the report include:

W. Dan Haigler

Walt R. Keays

Milton L. Naumann

Management Comments
U.S. Army Corps of Engineers - GRD

DEPARTMENT OF THE ARMY
U.S. ARMY CORPS OF ENGINEERS
GULF REGION DIVISION
BAGHDAD, IRAQ
APO AE 09348

REPLY TO
ATTENTION OF

CEGRD-CG

21 July 2008

MEMORANDUM FOR Special Inspector General for Iraq Reconstruction, US Embassy Annex, M-202, Old Presidential Palace, APO AE 09316

SUBJECT: Draft SIGIR Audit Report – Comprehensive Plan Needed to Guide the Future of the Iraq Reconstruction Management System (SIGIR-08-021)

1. This memorandum provides the U.S. Army Corps of Engineers, Gulf Region Division response to the subject draft audit report.

2. The Gulf Region Division reviewed the subject draft report and provided additional comments in the enclosure.

3. Thank you for the opportunity to review the draft report and provide our written comments for incorporation in the final report.

4. If you have any questions, please contact Mr. Robert Donner at (540) 665-5022 or via email Robert.L.Donner@usace.army.mil.

Encl
as

JEFFREY J. DORKO
Brigadier General, USA
Commanding

COMMAND REPLY
to
SIGIR Draft Audit Report – Comprehensive Plan Needed to Guide the Future of the Iraq Reconstruction Management System
SIGIR Report Number - SIGIR 08-021
(Project 8027)

GRD reviewed the report and provides the following comments.

1. Stanley Baker Hill, LLC was given the authorization to conduct a study of IRMS. The study will consider factors such as the system's age, compatibility of hardware platforms, software and network infrastructure, and provide GRD with several options, including their recommendations for the future needs of stakeholders. The objectives of the study are as follows:

a) Define the future Information Management system's functional support requirements.
b) Develop a future system design that satisfies identified functional requirements.
c) Develop a system migration plan to enable moving from the current system to the future support system.
d) Inventory the functional capabilities of the current system.
e) Identify technology and functional deficiencies of the current support system.
f) Develop an 'as-is' system design that rectifies identified deficiencies and upgrades the system to the current version of the various applications
g) Identify new training or user requirements unique to either a new platform or an 'overhauled' version of the existing platform.
h) Design a migration path from the current platform to the future platform.
i) Develop the cost estimates, identify an acquisition strategy, and build a deployment schedule to either rehabilitate the current system or migrate onto the future system.
j) Identify the cost and advantages of hosting the future system separate from the G-6 Network.

2. The IRMS Interagency Working Group (IIWG) will continue discussing the future of IRMS in its meetings. Future discussions will focus on recommendations for two key issues.

– Appointing an executive agent to take the lead in developing a coordinated management plan that addresses the future of IRMS.
– Identifying funding requirements and sources for developing and implementing the future system and for the continued support or replacement of IRMS.

Enclosure

SIGIR's Mission	Regarding the U.S. reconstruction plans, programs, and operations in Iraq, the Special Inspector General for Iraq Reconstruction provides independent and objective: • oversight and review through comprehensive audits, inspections, and investigations • advice and recommendations on policies to promote economy, efficiency, and effectiveness • deterrence of malfeasance through the prevention and detection of fraud, waste, and abuse • information and analysis to the Secretary of State, the Secretary of Defense, the Congress, and the American people through Quarterly Reports
Obtaining Copies of SIGIR Reports and Testimonies	To obtain copies of SIGIR documents at no cost, go to SIGIR's Web site (www.sigir.mil).
To Report Fraud, Waste, and Abuse in Iraq Relief and Reconstruction Programs	Help prevent fraud, waste, and abuse by reporting suspicious or illegal activities to the SIGIR Hotline: • Web: www.sigir.mil/submit_fraud.html • Phone: 703-602-4063 • Toll Free: 866-301-2003

Congressional Affairs	Hillel Weinberg
	Assistant Inspector General for
	   Congressional Affairs
	 Mail: Office of the Special Inspector General
	            for Iraq Reconstruction
	            400 Army Navy Drive
	            Arlington, VA 22202-4704
	 Phone: 703-604-0368
	 Email: hillel.weinberg@sigir.mil

Public Affairs	Kristine Belisle
	Assistant Inspector General for Public Affairs
	 Mail: Office of the Special Inspector General
	            for Iraq Reconstruction
	            400 Army Navy Drive
	            Arlington, VA 22202-4704
	 Phone: 703-428-1217
	 Fax: 703-428-0818
	 Email: PublicAffairs@sigir.mil